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and Third-Party Defendants
the Sports Shinko Companies

IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF HAWAII

SPORTS SHINKO CO., LTD.,	)	CV 04-00124 ACK-BMK
	)	CV 04-00125 ACK-BMK
Plaintiff,	)	CV 04-00126 ACK-BMK
	)	CV 04-00127 ACK-BMK
vs.	)	CV 04-00128 ACK-BMK
)	
QK HOTEL, LLC, et al.,	)	CONSOLIDATED CASES
)	
Defendants,	)	DECLARATION OF
	)	DOREEN GRIFFITH IN
and	)	SUPPORT OF SPORTS
	)	SHINKO (USA) CO. LTD.'S
	)	SUPPLEMENTAL
FRANKLIN K. MUKAI, et al.,	)	MEMORANDUM RE:
	)	PLAINTIFFS AND
Third-Party Plaintiffs,	)	THIRD-PARTY DEFENDANTS

vs.	)	SPORTS SHINKO
	)	COMPANIES' MEMORANDUM
	)	IN OPPOSITION TO
SPORTS SHINKO (USA) CO.;	)	DEFENDANTS KG HOLDINGS,
LTD., et al.,	)	LLC, QK HOTEL, LLC, OR
	)	HOTEL, LLC, PUKALANI GOLF
	)	CLUB, LLC, KG MAUI
Third-Party	)	DEVELOPMENT, LLC,
Defendants,	)	MILILANI GOLF CLUB, LLC,
	)	KIAHUNA GOLF CLUB, LLC
	)	AND KG KAUAI
SPORTS SHINKO (HAWAII) CO.,	)	DEVELOPMENT, LLC'S
LTD., et al.,	)	MOTION TO DISMISS
	)	CV. NOS. 04-00125
Third-Party Defendants/	)	ACK-BMK, 04-00126
Counterclaimants,	)	ACK-BMK AND 04-00128
	)	ACK-BMK FOR LACK OF
	)	SUBJECT MATTER
vs.	)	JURISDICTION, FILED
	)	NOVEMBER 16, 2006;
QK HOTEL, LLC, et al.,	)	EXHIBITS "G-1" - "G-7";
	)	CERTIFICATE OF SERVICE
)	
Third-Party Counterclaim)	
Defendants.	)	DATE: February 12, 2007
	)	TIME: 9:30 a.m.
AND CONSOLIDATED CASES	)	JUDGE: Alan C. Kay
_____)	

**DECLARATION OF DOREEN GRIFFITH IN SUPPORT OF
SPORTS SHINKO (USA) CO. LTD.'S SUPPLEMENTAL
MEMORANDUM RE: PLAINTIFFS AND THIRD-PARTY
DEFENDANTS SPORTS SHINKO COMPANIES' MEMORANDUM IN
OPPOSITION TO DEFENDANTS KG HOLDINGS, LLC, QKHOTEL,
LLC, OR HOTEL, LLC, PUKALANI GOLF CLUB, LLC, KG MAUI
DEVELOPMENT, LLC, MILILANI GOLF CLUB, LLC, KIAHUNA
GOLF CLUB, LLC AND KG KAUAI DEVELOPMENT, LLC'S MOTION
TO DISMISS CV. NOS. 04-00125 ACK-BMK, 04-00126 ACK-BMK
AND 04-00128 ACK-BMK FOR LACK OF SUBJECT
MATTER JURISDICTION, FILED NOVEMBER 16, 2006**

I, DOREEN L. GRIFFITH, declare as follows:

1. I am a tax partner at the Honolulu office of Grant Thornton LLP. I was the partner who signed as the paid preparer for the preparation of the consolidated federal income tax returns for Sports Shinko (USA), Co. Ltd. ("SS USA") and its subsidiaries for the 2003 tax year. I make this declaration based on personal knowledge, and I am competent to testify to the matters set forth below.

2. SS USA's 2003 federal income tax return was prepared and submitted on a consolidated basis. It combined income and asset information from SS USA and its thirteen subsidiaries, as listed in the attached Exhibit G-1.

3. SS USA and its subsidiaries filed various detailed schedules and statements as part of the consolidated 2003 federal income tax return. All the exhibits referenced in this declaration are true and correct copies of certain schedules and statements submitted as part of that return.

4. Attached as Exhibit G-2 is a copy of Schedule of Combined Ending Balance Sheet. It summarizes SS USA and its subsidiaries' assets as of the end of 2003. The final column of the second page of this schedule lists SS USA's assets: (a) cash; (b) ~~REDACTED~~ other current assets (further described in Statement 34); (c) ~~REDACTED~~ buildings and other depreciable assets less ~~REDACTED~~ accumulated depreciation; and (d) ~~REDACTED~~ in other assets (further described in Statement 36).

5. Attached as Exhibit G-3 is a copy of the Statement 36 referenced in Exhibit G-2. The last column of the second row of this statement describes SS USA's "other assets" of \$ ~~REDACTED~~ as "investment in subsidiaries."

6. Attached as Exhibit G-4 is a copy of the Statement 34 referenced in Exhibit G-2. The last column of the second row of this statement describes SS USA's "other current assets" of \$ ~~REDACTED~~ "prepaid assets." In general accounting terms, prepaid assets are expenses paid and recorded before they are used or consumed. Prepayments are common with insurance, supplies, and rent. The prepayment expires with the passage of time or through use and consumption.

7. Attached as Exhibit G-5 is a copy of the Statement 35, also referenced in Exhibit G-2. This statement provides details on the

“other investments” listed in Exhibit G-2. The statement describes these “other investments” as \$87,482,048 of “investment in subsidiaries” held by Sports Shinko Resort Hotel Corporation and ~~REDACTED~~ of “investment in subsidiaries” held by Sports Shinko (Hawaii) Co., Ltd.

8. Attached as Exhibit G-6 is a copy of the Schedule of Combined Income and Deductions. It summarizes SS USA and its subsidiaries’ income and deductions for the 2003 tax year. The fifth column on the first page lists \$~~REDACTED~~ for inventory at the beginning of year for Sports Shinko Florida Co., Ltd. under the category “costs of goods sold.” Cost of goods sold is the difference between cost of goods available for sale during the period and cost of goods on hand at the end of the period. This entry shows that Sports Shinko Florida Co., Ltd. held inventory at the beginning of the 2003 tax year with a tax basis of \$~~REDACTED~~. Since no records were provided to us for Sports Shinko Florida Co., Ltd., the beginning inventory balance was expensed for 2003 income tax purposes.

9. The last column of the second page of Exhibit G-6 lists ~~REDACTED~~ as the total income for SS USA. This income consists entirely of “interest,” as described in Statement 7.

10. Attached as Exhibit G-7 is a copy of the Statement 7 referenced in Exhibit G-6. It also shows interest income of ~~REDACTED~~.

SS USA. According to working papers not required to be filed with the return, this interest income was attributable to two bank accounts, a Wells Fargo account and an account located in Japan.

11. None of the schedules and statements submitted with the 2003 federal income tax return list land held for development by Sports Shinko (Pukalani) as an asset.

I swear that the foregoing is true under penalties of perjury of the United States of America.

EXECUTED: Honolulu, Hawai'i, February 22, 2007.



DOREEN GRIFFITH